

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
OFFICE OF THE HEALTH INSURANCE COMMISSIONER  
1511 PONTIAC AVENUE, BLDG. #69-1  
CRANSTON, RHODE ISLAND 02920**

**FINAL ORDER**

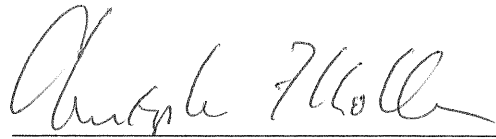
**The Targeted Market Conduct Examination Market Conduct Examination of Blue Cross  
and Blue Shield of Rhode Island**

**THIS MATTER** comes before the Health Insurance Commissioner (the "Commissioner") as a result of a targeted market conduct examination of Blue Cross and Blue Shield of Rhode Island ("Blue Cross"). The examination was conducted on behalf of the Commissioner by DeWeese Consulting, Inc. (the "Examiner") pursuant to R.I. Gen. Laws §§ 27-13.1-1, *et seq.*, and 27-50-9 and pursuant to a warrant issued on May 23, 2008. The examination was conducted in accordance with the standards contained in the NAIC Market Conduct Examiners Handbook and involved interviews and review and analysis of records provided by Blue Cross to the Examiner.

The Commissioner has considered and reviewed the Examiner's report dated February 9, 2010; relevant Examiner work papers; all written submissions from Blue Cross, including Blue Cross's responses; and the recommendations of Commissioner's staff. After full review and consideration of the above-referenced report and other materials and recommendations, the Commissioner orders that (1) the findings and conclusions contained in the final examination report are hereby adopted and filed and made an official record of this office, (2) Blue Cross will make restitution to groups sold or renewed from 3<sup>rd</sup> Quarter 2007 through 3<sup>rd</sup> Quarter 2008 with a health status adjustment more than 10% above the average adjusted community rate, (3) Blue Cross will pay restitution equal to the amount overpaid by each group, (4) Blue Cross's actuarial staff will coordinate review of impacted groups with the Examiner to reach agreement on which groups will be subject to restitution and to coordinate payment, (5) if after reasonable attempts during the six month period commencing on the date payment is first issued Blue Cross cannot make restitution to a particular group because the group is no longer in business, cannot be reached, or for any other reason, Blue Cross will report such unclaimed or unpayable restitution amounts to the Commissioner, (6) after such report, Blue Cross will, at the direction of the Commissioner, make one more attempt to contact the group and make restitution, (7) if Blue

Cross cannot locate or otherwise make payment to this groups by December 31, 2010, the remaining restitution amounts will be remitted to the general fund of the state on or before January 30, 2011 and the Commissioner will consider this matter closed, and (8) Blue Cross will to pay an administrative penalty of \$325,000.00.

March 17, 2010

A handwritten signature in cursive script, appearing to read "Christopher F. Koller".

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Christopher F. Koller  
Health Insurance Commissioner